UNITED
NATIONS

E

Economic and Social
Council

Distr.
GENERAL

E/1995/117
26 July 1995

Original: ENGLISH

Substantive session of 1995
Geneva, 26 June-28 July 1995
Agenda item 2

DEVELOPMENT OF AFRICA, INCLUDING THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s

Conclusions of the high-level segment of the Economic and Social Council (3-6 July 1995)

Summary and conclusions by Ambassador Ahmad Kamal, President of the Economic and Social Council

INTRODUCTION

1. The Economic and Social Council's high-level segment on the development of Africa, including the implementation of the United Nations New Agenda for the Development of Africa in the 1990s, was held from 3 to 6 July 1995. The segment was attended by a large number of ministers and other high-level representatives.

2. During the segment, the Council devoted one day to an intensive policy dialogue with Mr. Camdessus, Executive Director of the International Monetary Fund, Mr. Wolfensohn, President of the World Bank, Mr. Ruggiero, Director-General of the World Trade Organization and Mr. Fortin, Officer-in-Charge of the United Nations Conference on Trade and Development, on major issues in the world economy.

AFRICA

3. The Secretary-General's report on the development of Africa, including the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (E/1995/81), provided the basic background documentation for the high-level segment debate. The Council was also apprised of the recommendations made at a parallel event, held on 3 July 1995, entitled "Priority Africa: A Policy Dialogue among Development Actors", which emphasized the role of non-State development actors, particularly non-governmental organizations. In addition, during the policy dialogue with the executive heads of multilateral finance and trade institutions, numerous references were made to African development. The African States also made a substantive, written contribution to the main theme of the high-level segment.

4. Africa is a test case for international cooperation for development and for the United Nations, in particular the Economic and Social Council, in promoting such cooperation. The Council's contribution to the alleviation of the critical situation in Africa should not rest on old diagnoses and prescriptions. The recent past is replete with instances where the international community has adopted programmes of action, goals and targets for Africa, which have remained unrealized. Concrete and innovative actions are required which will help Africa overcome the myriad complex problems it faces.

5. The development of Africa is an urgent priority and calls for solidarity by the international community. The fiftieth anniversary of the United Nations is a fitting occasion to show our commitment to support the development of Africa. Not only solidarity is required. Enlightened self-interest calls for partnership between Africa and the international community. That is, support should be based on the fact that mutual benefits are to be gained by all concerned through intensified cooperation.

6. Africa has great potential in terms of both human and natural resources. The challenge is to transform the potential into reality. Africa has taken up this challenge and is making progress in the difficult dual task of political and economic reform.

7. Many African countries have undertaken far-reaching political and economic reforms. Some have achieved growth rates of 6 per cent of gross domestic product (GDP). Many others are registering modest but positive growth rates. Public deficits have been reduced. There is encouraging evidence of economic diversification. The countries in the CFA zone have taken the courageous step of devaluation.

8. Democracy is spreading. Many countries have held elections since 1990. Improved public administration, popular participation, respect for human rights and the rule of law are increasingly manifest. Socio-economic indicators are also encouraging. Life expectancy is increasing, infant mortality is falling and improvements in education and housing are evident. Declines in military expenditure are being registered. And there is evidence that regional cooperation and integration are increasing.

9. Thus, Africans themselves have shown their determination to overcome the problems of underdevelopment and have made substantial strides over the past decade in terms of economic, social and political change.

10. None the less, progress has been slow and insufficient. Economic growth rates remain far too low for far too many countries. Two more African countries were recently added to the list of the least developed countries while only one was removed. Infrastructure and institutional development remain weak, human resources development is still lacking, terms of trade are deteriorating, the debt burden is debilitating, open unemployment in both the informal and formal sectors is rising, population growth remains high, epidemics and diseases continue to take their toll, and environmental degradation is pervasive.

11. In a number of countries, these problems are further aggravated by ethnic conflicts and civil wars. Such conflicts result in humanitarian emergencies characterized by increasing numbers of refugees and displaced persons as well as the breakdown of social and physical infrastructure. Resources that could have been used for long-term development objectives are diverted to cope with emergencies. Therefore preventive action should be of utmost concern to all: African leaders and the international community alike. Indeed, conflict resolution and peace-keeping should be major priorities for the international community.

12. As reaffirmed by the recent Summit of the Organization of African Unity (OAU) at Addis Ababa, Africans themselves have the main responsibility for achieving economic and social development. Africa's development is first and foremost the responsibility of the countries themselves.

13. However, if national efforts are not supported by the international community, reforms undertaken thus far cannot be sustained. It should not be forgotten that the consensus on the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) rests on the full support of the international community based on genuine partnership. As African Governments have undertaken courageous reforms, there is both a moral and an economic and financial obligation on the part of the international community to assist Africa.

14. African economic development has to be considered in the context of an increasingly globalized world economy. Globalized markets have a decisive influence on economic prospects everywhere. Global markets pose risks but also offer opportunities. Thus far Africa has suffered the risks or has been altogether bypassed by the globalization process. It is time to enable Africa to take advantage of the opportunities.

15. A number of issues require priority attention. Conflict prevention, management and resolution, external debt, financial flows, international trade, capacity-building, South-South cooperation, agricultural productivity and food security, population growth, and increasing the role of women in development are some of the most pressing ones. To be successful with African development, all these issues need to be addressed simultaneously. This makes African development a daunting task, particularly for the African countries themselves. International support for Africa is therefore indispensable.

<u>Conflict prevention, management and resolution</u>

16. Many of the causes of conflict in Africa are socio-economic. The strengthening of democratic processes and achieving accountable and efficient administration are major factors in preventing conflicts. Strong support is necessary for the OAU Mechanism for Conflict Prevention, Management and Resolution and for its Peace Fund. There should be adequate resources for peace-keeping operations in Africa and continuous support for efforts at conflict prevention. Africa should also take advantage of the experiences of other developing regions of the world in the peaceful solution of conflicts, including post-conflict peace-building and the continuum from relief to rehabilitation and development.

Natural disasters

17. Africa is one of the continents prone to natural disasters which adversely affect development efforts. Programmes for disaster preparedness, prevention and mitigation in accordance with the Yokohama Strategy for a Safer World and its Programme of Action should be instituted to assist Africa to cope with the effects of natural disasters.

External debt

18. The crushing external debt problem of Africa requires urgent attention. African countries are accumulating unmanageable arrears and only a few of them can service their debt even under the easiest of terms. Furthermore, the debt problem has a negative effect on the investment climate in Africa.

19. Despite the cancellation of some official debt, bilateral debt owed to official creditors remains a major problem. The measures taken by the Paris Club, including the Naples Terms, are to be welcomed but only few countries are benefiting. These measures should be applied to the largest number of countries possible. The Secretary-General's call for improved Naples Terms that raise the ceiling for debt relief and extend coverage to more countries and to more types of debt should be pursued. New initiatives, including proposals for debt cancellation, should be supported.

20. Particular attention should be devoted to multilateral debt, which, for the poorest countries, constitutes the highest proportion of their external debt. Credit on soft terms should be extended to reduce their debt-servicing burden. The international financial institutions (IFIs) should be urged to use existing instruments in a flexible way and to explore innovative measures to deal with the problem of multilateral debt. Furthermore, under certain conditions debts owed to IFIs should be cancelled and donors should compensate for these non-repayments. This would be an important gesture of solidarity with the African continent. In general, better use should be made of the resources of IFIs in order to help countries with debt servicing and debt stock reduction.

21. While most of Africa's debt is owed to official and multilateral creditors, there are also considerable debts owed to commercial creditors. Innovative measures are also required to address the debt and debt-servicing problems related to commercial debt.

22. Overall, a multi-pronged debt relief strategy tailored to each country's specific situation should be pursued. The commitments made at the World Summit

for Social Development in Copenhagen, and the proposals contained in the Secretary-General's report (E/1995/81), are some of the concrete suggestions which enjoy much support.

Resource flows

23. Economic stability is key to the development of Africa. A majority of African countries have adopted structural adjustment programmes which are showing some positive results. These are essential for long-term economic recovery. However, they entail high social costs. Reforms will have to be accompanied by appropriate social policies. In this regard the Bretton Woods institutions should reassess their policies in order to avoid social hardships, integrate poverty alleviation measures and encourage the elaboration of home-grown economic reforms. Furthermore, these programmes will bear fruit only if there is support from the donor community based on partnership.

24. Most African countries face a critical shortage of domestic resources for development. African countries need to strengthen their production structures for both domestic and export markets by improving conditions for entrepreneurship and supporting private sector development. By stimulating growth and increasing the opportunities for income generation, African countries will also be able to increase saving rates. In addition, improving administrative efficiency to increase revenue collection requires urgent attention.

25. None the less, domestic resources need to be augmented with external flows. The level of financial assistance to the continent has to be raised. This still has to come mostly from official sources as private capital flows are largely bypassing Africa. Even though the share of Africa in total official development assistance (ODA) has increased, flows of ODA to the continent have stagnated, if not decreased, in real terms. The recommended level in UN-NADAF of US$ 30 billion in ODA for Africa, with annual increases of 4 per cent per annum, has fallen short.

26. Enhanced bilateral assistance is needed more than ever. The level of ODA should be increased in accordance with the internationally agreed targets of 0.7 per cent of gross national product (GNP) and 0.15 per cent of GNP for the least developed countries. Furthermore, better donor coordination, including coordination among non-governmental organizations, is needed, as well as concentration of aid on the poorest countries and the most vulnerable groups within them. At the same time, recipient Governments should utilize these resources efficiently.

27. African Governments have agreed to invest more in the social sectors through the 20/20 initiative. This initiative should be implemented on a voluntary basis where feasible.

28. Multilateral financial assistance is also essential. The Extended Structural Adjustment Facility (ESAF) of the International Monetary Fund (IMF)

should be kept in place. Shortfalls in the tenth replenishment of the International Development Association (IDA) and adverse prospects for the eleventh replenishment, as well as for the seventh replenishment of the African

Development Fund (ADF), arouse concern. The Economic and Social Council should give full support for the implementation of the resolution on the mobilization of resources for economic and social development for Africa, adopted by OAU at its thirty-first Summit, and call upon IDA and ADF to ensure increases in the flow of resources to African countries.

29. Financing from official sources is not enough. Foreign direct investment (FDI) is one of the most important components in financing development. However, Africa's share in FDI has fallen even though by some accounts the profitability of investments in Africa is higher than elsewhere in the developing world. In order to attract private investment, political stability, sound monetary and fiscal policies, a skilled labour force, an impartial judiciary and competent, transparent public administration are necessary. A sound and predictable investment climate would reduce the high-risk premiums required to attract foreign investment. This would also contribute to increased domestic savings, which in the final analysis will be the most important source for financing development in Africa.

Trade

30. Africa's share in international trade is exceedingly small, which is further evidence that the continent is not fully integrated in the world economy. Major improvements on this front are of fundamental importance to African development.

31. The outcome of the Uruguay Round of multilateral trade negotiations could have negative effects on Africa. The impact of the Round by itself is such that in Africa the number of poor could increase in the short run. To reap the benefits of trade liberalization, supplementary actions are needed. African countries will have to transform their production and trade structures to face the challenge of an increasingly competitive global environment. Moreover, concrete complementary actions are needed from the international community.

32. There are legitimate concerns with respect to reduced margins of preference in traditional markets and of higher world food prices. In the adjustment from a regime of preferences to one of competition, assistance is required. Therefore the Economic and Social Council should call for the implementation of the resolution of African Ministers of Trade, adopted at Tunis in 1994, appealing to international organizations to elaborate a programme of technical assistance to facilitate Africa's implementation of the outcome of the Uruguay Round, as well as the implementation of the decisions made at the Ministerial Conference at Marrakesh in April 1994, concerning net food importing countries and least developed countries. The international community should support African countries in offsetting adverse short-to-medium-term effects of the Uruguay Round agreements through measures identified by the United Nations Conference on Trade and Development (UNCTAD) and other appropriate organizations.

33. Diversification of African economies is essential. New export capacities have to be created and diversification across markets and products should be encouraged. Measures to support small and medium-scale enterprises are particularly important in achieving diversification.

34. The need to support Africa's efforts at commodity diversification is essential. In particular, the proposal in General Assembly resolution 49/142 to make an adequate special contribution to finance the preparatory phase of commodity diversification projects and programmes should be considered.

35. Ultimately trade is more important than aid. It is not enough to remove trade barriers. Enlargement of domestic markets, strengthening of subregional and regional markets, and external assistance in diversification and in trade development are required. As most African countries are commodity-dependent it is also essential that mechanisms for stabilizing commodity prices at profitable levels be evolved.

Capacity-building

36. Capacity-building is one of the most important prerequisites for the development of Africa. Emphasis should be placed on human resources development and institution-building. Human capital is critical for the effective functioning of an economy. Therefore investments in basic education and vocational training are fundamental.

37. Institution-building, public administration, civic education, facilitating the participation of non-governmental organizations in development, and enhanced access to information technology are other areas that are essential to capacity-building. The challenge is to galvanize concerted action at all levels to fully address the indigenous capacity-building needs of the region. In this regard, Capacity 21 of the United Nations Development Programme (UNDP) should be strengthened.

South-South cooperation

38. Capacity-building also requires upgrading of technical skill and know-how. In this regard, not only economic and technical cooperation among developing countries but South-South cooperation in general are essential so as to increase self-reliance. The sharing of development experiences is particularly important. For example, the Asia/Africa forum held at Bandung provides concrete proposals concerning technical cooperation among developing countries based on practical experiences with structural adjustment programmes undertaken in Asian countries. In this regard, avenues for tripartite arrangements with other development partners should be explored.

39. The recommendation to hold intergovernmental meetings in 1996 and 1998 between the Economic Commission for Africa and the Economic Commission for Latin America and the Caribbean in order to define areas of mutual cooperation should be pursued. The proposal to establish, with the assistance of UNDP, an exchange of journalists between the two regions and to promote contacts and cooperation between private sector organizations of these regions in order to

increase the quality and quantity of available information and to encourage economic relations should be explored. Furthermore, the establishment of the African-Latin American Institute is a practical example of South-South cooperation which should be supported.

40. Besides the need to strengthen regional cooperation with other countries outside Africa, cooperation within the continent needs to be intensified as well. The establishment of the African Economic Community is an important development which should be supported effectively by the international community.

Agriculture and food security

41. Revitalizing the agricultural sector is essential. Africa has great potential with respect to its agricultural sector, but little of it has been exploited.

42. Growth in food production is not keeping up with population growth in Africa. Agricultural production will have to reach an annual growth rate of 4 per cent. This will require considerable improvement in agricultural productivity, including through irrigation and better crop varieties. A strong agricultural sector will be a major engine of growth for African economies.

43. At the same time, achieving food security should have the highest priority. Food security continues to be one of the overriding concerns, specially of the chronically food-deficit countries. Continued initiatives need to be taken for storage, transport and communication facilities; for support for regional strategies and regional trade; for the establishment and expansion of early-warning systems; for the mobilization of resources for the United Nations Convention to Combat Desertification; and for the strengthening of networks in support of agriculture and water management.

Population growth

44. Population growth rates in Africa continue to be high, leading to unprecedented growth in urbanization. This has negative repercussions on food security and on the labour force, which is growing at a rate exceeding growth in GDP in many countries. Besides affecting development prospects, population growth is also increasingly posing a threat to the environment. In this regard, the Programme of Action of the International Conference on Population and Development requires urgent implementation.

Women

45. The importance of women in development cannot be overestimated. Improving their role and status is essential for development in Africa. Access to productive resources, education and primary health care, including reproductive health care, are of vital importance. Therefore, the international community should support the implementation of the African Platform for Action prepared for the Fourth World Conference on Women.

United Nations New Agenda for the Development of Africa in the 1990s

46. The United Nations New Agenda for the Development of Africa in the 1990s, which was adopted in 1991, was a good initiative for addressing the critical economic and social situation and ensuring sustainable growth and development in Africa. As we approach its mid-term review, there are signs of a turnaround in

many parts of Africa but essentially the situation in the continent remains precarious.

47. The entire range of issues identified in UN-NADAF require urgent attention, including intensification of the democratization process, a commitment to human rights, gender equality, attention to the needs of children and the role of African non-governmental organizations. Poverty eradication, prevention of environmental degradation and promotion of social development are the crucial elements of the required multi-pronged strategy. Greater progress in the implementation of UN-NADAF has to be achieved if it is not to suffer the same fate as the United Nations Programme of Action for African Economic Recovery and Development. Commitments made in UN-NADAF have to be met.

48. While UN-NADAF is a good initiative and remains the appropriate framework for the United Nations to deal with the critical situation in Africa, the inclusion of Africa in the proposed agenda for development as a priority area for action by the United Nations gives further evidence of the commitment of the international community to African development. Similarly, the Secretary-General's special initiative on Africa through the Administrative Committee on Coordination, whose steering committee is to focus on food security, strengthening of institutions, desertification, social development and private sector development, is evidence of the United Nations system doing the same. African development must remain a high priority on the international agenda.

POLICY DIALOGUE

49. In the course of the policy dialogue, the Secretary-General made a statement pointing to the need for the United Nations and the Bretton Woods institutions to identify and take cooperative measures to prevent conflicts. Furthermore, when a conflict occurs, there should be close cooperation to address its socio-economic consequences and to respond to the need for post-conflict peace-building.

50. Besides the considerable attention paid to the critical situation in Africa, as reflected in the sections the dialogue focused mainly on the issues of globalization and trade. In this regard, the World Economic and Social Survey, 1995 provided useful background information and input.

Globalization

51. Globalization and liberalization have created enormous opportunities for developing countries and countries with economies in transition. This does not mean, however, that no interventions are necessary by national Governments

and international communities. The process of liberalization needs to be supplemented and sometimes corrected. This is clear in the areas of protecting the environment and poverty alleviation.

52. While there are risks arising from globalization, it results in enhanced economic efficiency, expands markets and opens opportunities of growth.

53. The integration of international financial markets is irreversible. The goal of international cooperation should be to minimize the risks of financial crisis and deal with them promptly and effectively if they occur.

54. In taking corrective actions, lessons of the past should be kept in view. A more careful analysis of the composition of financial flows to Latin America, if acted upon, could have prevented the recent crisis. More stable and long-term forms of financial flows need to be promoted and speculative flows should be discouraged. The proposal for a tax on currency transactions should be given careful consideration.

55. Sound, stable and consistent economic policies at the national level and strong international cooperation at the global level are the most effective means of avoiding crises. The multilateral institutions have an important role to play in promoting such policies by providing consistent advice and assistance and by cooperating more closely to prevent and deal with crises.

Trade

56. The creation of the World Trade Organization is a major step towards the full integration of all countries in the global trading system. In a globalized and interdependent world economy the rule of law is essential - without it anarchy would prevail and no country, large or small, would benefit. Commitments undertaken must be respected and implemented by all and resort to unilateral actions or bilateral solutions should be avoided, because that would erode an open and multilateral trading system.

57. Resurgent protectionism aimed at artificially safeguarding a perceived market advantage must be resisted. Trade restrictions based on labour, social and environmental standards need to be avoided. Such trade restrictions will reduce growth prospects of developing countries and undermine their ability to implement those standards. Other avenues of cooperation should be pursued for applying internationally agreed standards.

58. The danger of a possible imbalance between overextended regional initiatives and the multilateral trading system exists. Such a development may lead to tension not only in the economic but also in the political and security arenas. It may also fuel the old North-South division which the Uruguay Round tried to overcome. Consequently, regional arrangements should be based on respect for the principles of free and open global trade.

Cooperation and coordination

59. All the executive heads reiterated their commitment to cooperating and working closely together with the United Nations in pursuit of the common goal

of eradication and alleviation of poverty and in the promotion of sustainable development and social justice. Such cooperation should be based on the principles of comparative advantage and should respect the governance structure, mandate and competence of each organization and the policy guidance received from their respective governing boards.

60. A strengthened Economic and Social Council should facilitate and catalyse such cooperation and coordination in fulfilment of its responsibilities under the Charter. The goals and objectives agreed upon by the international community at the highest political level in major global conferences should provide the framework for such cooperation.

61. The development and pursuit of a coordinated approach to the follow-up to global conferences should facilitate greater coherence and a better integration of the development activities of the organizations of the system, particularly at the country level.

62. Specific modalities for achieving greater complementarity between the Bretton Woods institutions and the other organizations of the United Nations system could be pursued in the context of the work on the policy framework papers and the country strategy notes.

INNOVATIONS IN WORKING METHODS

63. During the high-level segment this year there were several innovations which, it is hoped, can be carried forward in the future.

64. First, the suggestion of having five-minute statements, with the full texts being taken as read, was acted upon by many delegations.

65. Second, during the high-level segment, the members of the Economic and Social Council had the opportunity to participate in a number of panel discussions and briefings, some as part of the Council and others in the margin. Panel discussions were held on the role of non-governmental organizations in the development of Africa; the future of international development cooperation; the role of non-governmental organizations as partners in development; and private finance and development. An informal briefing was held by the executive secretaries of the regional commissions on the work of the commissions. These discussions and briefings generated many valuable ideas and allowed a better appreciation of the role of different actors in the development process. While all this was initiated as part of the fiftieth anniversary of the Council, it would be useful for the Council to continue the practice of interacting with different developmental actors in a structured manner. The Council could probably ask the executive secretaries of the regional commissions to brief the members on a regular basis during the Council's substantive sessions.

66. Third, the Bureau of the Council took advantage of the presence of ministers and high-level representatives to hold two early morning meetings with them. At these meetings many ideas were raised for the Council's consideration, not only in regard to the development of Africa but also in regard to the working methods of the Council. Some of the ideas expressed at the meetings - for instance the timely selection of themes for the high-level and coordination segments, as well as the need for some process that would enable a constant review of the working methods of the Council to be carried out - could be pursued further in an appropriate manner.

67. Finally, the high-level policy dialogue was attended for the first time this year by the executive heads of all the major multilateral finance and trade institutions, including the President of the World Bank and the Director-General

of the World Trade Organization. A happy consequence of this year's dialogue was an understanding that there would be a further informal, full-day dialogue in New York between IMF and the Council and the World Bank and the Council, some time during the autumn. This bodes well for the ongoing efforts to enhance interaction between the Council and the Bretton Woods institutions.